

EXPORT-IMPORT BANK OF THE UNITED STATES

SAMPLE PROVISO WORDING FOR L/Cs

Long-Term Guarantees and Long-Term Direct Credits

General Guidance: The letter of credit must be issued, confirmed or advised by a U.S. bank (the L/C Bank). The Beneficiary must be a U.S. Company registered to do business in the U.S. with a U.S. street address. The letter of credit must expire before the Final Disbursement Date in the Eximbank Credit Agreement. A proposed or pro forma letter of credit (not an issued letter of credit) complete in all respects except for date and signature must be provided with the Borrower's Request for Letter of Credit Approval. The letter of credit must evidence shipments from the United States to the Borrower's country. Progress payments for the manufacture of goods prior to export must be specifically preauthorized by Eximbank. Non Vessel Owning Common Carrier (NVOCC) bills of lading are not acceptable. Freight forwarder's receipts are not acceptable.

Letter of credit text:

1. Exposure Fee Payment Instructions: The total amount of this letter of credit is \$____, of which \$_____ is available to you for the payment of drafts presented hereunder. The balance of this letter of credit (\$_____) represents the maximum amount of the Eximbank Exposure Fee, a portion of which is payable to Eximbank each time that you make a drawing under this letter of credit. Prior to your first drawing hereunder, we require as a condition of payment that you authorize and direct us in writing to charge this letter of credit and to remit to Eximbank, at the time we honor each draw, the applicable portion of the Exposure Fee, equal to ____% of the amount of each draft presented hereunder. Upon receipt of those instructions, we agree to calculate and remit such fees to Eximbank each time we pay a draft to you.

2. An original Eximbank Supplier's Certificate in the form attached hereto must be presented with each invoice submitted in support of drawings hereunder. More than one invoice may be listed in the Eximbank Supplier's Certificate. Each Supplier's Certificate must be fully executed, dated, and manually signed by the Beneficiary's President, Chief Executive Officer, Chief Financial Officer, and/or by any other authorized officer of the Beneficiary. The Supplier's Certificate is an integral part of the letter of credit and must be completed in accordance with its instructions and must include the footnotes. Alterations to the text of the Supplier's Certificate are not acceptable.

3. The Foreign Costs of each invoiced Item must be fully disclosed and identified in Section 2 of the Eximbank Supplier's Certificate or on a Schedule attached thereto. To be considered eligible, any non-U.S. component must be incorporated into a U.S. Item in the U.S. If freight charges on non-U.S. carriers or insurance premiums for non-U.S. insurance are included in the C&I, C&F, or CIF invoice amounts, those charges are considered part of the eligible Foreign Costs and must be declared on the relevant Supplier's Certificate.

- 3.a If eligible Foreign Costs of an Item exceed 15%, the amount of the drawing must be reduced by the amount over 15%, up to a maximum 50% eligible Foreign Costs per Item. No payment may be made for an Item in which eligible Foreign Costs exceed 50%.
- 3.b In the Supplier's Certificate, if a payee is disclosed in Section 6 (f), if items are listed in Section 7, and/or if Section 8 (b) is checked, payment should not be made unless the Supplier's Certificate is accompanied by a letter from Eximbank approving such payment.
4. For invoices related to services, a certification from the Beneficiary must be presented stating that "The value of work performed to date equals or exceeds the amount invoiced to date."
5. For invoices related to progress payments, a certification from the Beneficiary must be presented stating that "The value of work performed to date equals or exceeds the amount invoiced to date. The 60 % limit on progress payments has not been exceeded."
6. Clean on-board, ocean bills of lading must evidence shipment on vessels of U.S. registry or be accompanied by a waiver of this requirement from the U.S. Maritime Administration.
7. For all shipments of goods, marine and transit insurance policy or certificate for 110 percent of the value of the goods to the Borrower's country must be presented.
8. (For 85% L/C)--Commercial invoices must show 100 percent of the gross invoice value and indicate that a cash payment of not less than 15 percent has been received and deducted from the gross invoice value. Invoice must describe Item(s) on the Acquisition List and the invoice must state "Invoiced Item(s) appear on the Acquisition List approved by Eximbank."
9. This letter of credit is subject to Uniform Customs and Practice for documentary credits (1993 Revision), International Chamber of Commerce (Publication 500).
10. Documents for goods shipped or services rendered which are dated earlier than (insert reachback date for goods shipped or services rendered) are not acceptable.
11. Exposure Fee Instructions for Loans and Grants: The negotiating bank is hereby authorized and directed by applicant to calculate the Eximbank financed Exposure Fee of ___% of each draft presented under this credit and add such Exposure Fee amounts to each reimbursement claim. Eximbank is hereby instructed by applicant to include such Exposure Fee amounts as a disbursement under the Credit Agreement and to retain the Exposure Fee amount and to remit the draft amount to the negotiating bank. The amounts so reimbursed to the negotiating bank and so retained by Eximbank shall constitute the amount of the disbursement.

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SPECIAL CIRCUMSTANCES:

12. L/C CAP: This Letter of Credit is irrevocable, unless we are notified by Eximbank that an Event of Default has occurred, in which event, following receipt of such notice, the irrevocable amount available to the Beneficiary hereunder for documents presented after receipt of such notice will be limited to the lesser of (i) (Cap Amount), or (ii) the remaining undisbursed balance of the letter of credit.
13. Transferable letters of credit are transferable only to U.S. companies registered to do business in the U.S. with a U.S. street address.
14. Multimodal transport documents must include a clean on-board ocean or combined transport/multimodal/through bill of lading.
15. L/C for Local Cost and U.S. Items: Certificate from the Beneficiary stating that the sum of the drawing evidenced, plus all prior drawings for Local Cost Items under this Letter of Credit does not exceed the ratio of 15/85 of the aggregate amount drawn for U.S. Items to date under this Letter of Credit. Local Cost drawings may not exceed \$_____.
16. In the Local Cost Supplier's Certificate, if a payee is disclosed in Section 4 (f), if Items are listed in Section 5, and/or if Section 6 (b) is checked, payment should not be made unless the Local Cost Supplier's Certificate is accompanied by a letter from Eximbank approving such payment.